

October 31, 2005

MEMORANDUM TO: Joseph A. Spetrini
Acting Assistant Secretary
for Import Administration

FROM: Stephen J. Claeys (SJC)
Deputy Assistant Secretary
for AD/CVD Operations

SUBJECT: Issues and Decision Memorandum for the Final Results of the
Expedited Sunset Review of the Antidumping Duty Order on Paper
Clips from the People's Republic of China ("China")

Summary

We have analyzed the substantive response of the domestic interested parties in the second sunset review of the antidumping duty order covering paper clips from China. We recommend that you approve the positions we developed in the Discussion of the Issues section of this memorandum. Below is the complete list of the issues in this sunset review for which the Department of Commerce ("the Department") received a substantive response:

1. Likelihood of continuation or recurrence of dumping
2. Magnitude of the margin likely to prevail

History of the Order

On November 25, 1994, the Department published an antidumping duty order on imports of paper clips from China, applying a country-wide rate of 126.94 percent and specific margins for the following companies. *See Antidumping Duty Order: Paper Clips from the People's Republic of China*, 59 FR 60606 (November 25, 1994) ("Order").

Shanghai Lansheng Corporation	57.64
Zhejiang Light Industrial Products Import & Export Corporation	46.01
Zhejiang Machinery and Equipment Import & Export Corporation	60.70

The Department conducted no administrative reviews, changed circumstances reviews, scope rulings, or duty absorption reviews since the issuance of this order. The order remains in effect for all manufacturers and exporters of the subject merchandise from China.

The Department published its notice of initiation of the first sunset review on December 1, 1999, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”). *See Initiation of Five-Year (“Sunset”) Reviews*, 64 FR 67320 (December 1, 1999). As a result, the Department found that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping with the following rates. *See Final Results of Expedited Sunset Review: Paper Clips from the People’s Republic of China*, 65 FR 41434 (July 5, 2000) (“First Sunset Review”).

Shanghai Lansheng Corporation	57.64
Zhejiang Light Industrial Products Import & Export Corporation	46.01
Zhejiang Machinery and Equipment Import & Export Corporation	60.70
China-wide Rate	126.94

On August 2, 2000, the International Trade Commission (“ITC”) determined, pursuant to section 751(c) of the Act, that revocation of this antidumping duty order would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. *See Paper Clips from China*, 65 FR 47518 (August 2, 2000) and USITC Pub. 3330, Inv. Nos. 701-TA-663 (Review) (July 2000). On August 15, 2000, the Department published the notice of continuation of this antidumping duty order. *See Continuation of Antidumping Duty Order: Paper Clips from the People’s Republic of China*, 65 FR 49784 (August 15, 2000).

Background

On July 1, 2005, the Department published the notice of initiation of the second sunset review of the antidumping duty order on paper clips from China pursuant to section 751(c) of the Act. *See Initiation of Five-Year (“Sunset”) Reviews*, 70 FR 38101 (July 1, 2005). The Department received the Notice of Intent to Participate from Officemate International Corporation (“Officemate”) and ACCO Brands, Inc. (“ACCO”), the domestic interested parties, within the deadline specified in section 351.218(d)(1)(i) of the Department’s regulations. Officemate and ACCO claimed interested party status under section 771(9)(C) of the Act, as domestic producers of paper clips. The Department also received complete substantive responses from the domestic interested parties within the 30-day deadline specified in section 351.218(d)(3)(i) of the Department’s regulations. The Department received no response from any respondent interested party. As a result, pursuant to section 751(c)(3)(B) of the Act and section 351.218(e)(1)(ii)(C)(2) of the Department’s regulations, the Department conducted an expedited (120-day) sunset review of this order.

Discussion of the Issues

In accordance with section 751(c)(1) of the Act, the Department conducted this sunset review to determine whether revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping. Sections 752(c)(1)(A) and (B) of the Act provide that, in making this determination, the Department shall consider both the weighted-average dumping margins determined in the investigation and subsequent reviews and the volume of imports of the subject merchandise for the period before and the period after the issuance of the antidumping duty order. In addition, section 752(c)(3) of the Act provides that the Department shall provide to the ITC the magnitude of the margin of dumping likely to prevail if the order were revoked. Below we address the comments of the interested parties.

1. Likelihood of Continuation or Recurrence of Dumping

Interested Parties Comments

Officemate argues that revocation of this order would likely result in a recurrence of sales at less than fair value by margins equivalent to or greater than those found in the original investigation. *See* “Paper Clips from China, Officemate International Corp.’s Substantive Response to Notice of Initiation of Five-Year (Sunset) Review” (“Officemate Response”) (August 1, 2005) at 2. ACCO states that dumping would continue if this order were revoked. *See* ACCO’s Substantive Response, “Paper Clips from the People’s Republic of China: Five-Year (“Sunset”) Review of Antidumping Duty Order, Case No. A-570-826” (“ACCO Response”) (July 29, 2005) at 3. Officemate states that the Chinese paper clip exporters have made no effort to eliminate or reduce their sales at less than fair value in the United States, despite continuing exports. *See* Officemate Response at 4. ACCO states the dumping margins have continued to exist since the Department issued the order, and the Department has not conducted any administrative reviews. *See* ACCO Response at 4. The domestic interested parties contend if the Chinese exporters had reduced or eliminated their dumping, they would have sought administrative reviews to reduce the duties imposed on them since the issuance of the order in 1994. *See* Officemate Response at 4 and ACCO Response at 4.

Officemate argues that the import volume in 2004, the highest since the first full year the order was in place, was still only one-fifth of the pre-initiation volume. *See* Officemate Response at 5. Officemate states that the average annual import volume between 2000 and 2004 was about the same as it was during the first sunset review period. *Id.* ACCO adds that the pre-order volumes of 3.5 million kilograms dropped to 828,491 kilograms in 2004. *See* ACCO Response at 4. Officemate also states that the recent increase of paper clips imports remains comparatively insignificant in regards to U.S. consumption as the U.S. market has expanded. *See* Officemate Response at 5. ACCO adds that the Chinese exporters would be unable to sell paper clips in the United States without dumping. *See* ACCO Response at 5. Officemate contends that the relatively low imports indicate that Chinese exporters are unable to sell paper clips in the United States under the discipline of an order. *See* Officemate Response at 5. Thus, Officemate posits

that dumping would continue if the order were revoked. *Id.*

Department's Position

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act (“URAA”), specifically the Statement of Administrative Action (“SAA”), H.R. Doc. No. 103-316, vol. 1 (1994), the House Report, H. Rep. No. 103-826, pt. 1 (1994) (“House Report”), and the Senate Report, S. Rep. No. 103-412 (1994) (“Senate Report”), the Department normally determines that revocation of an antidumping duty order is likely to lead to continuation or recurrence of dumping where (a) dumping continued at any level above *de minimis* after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of the order and import volumes for the subject merchandise declined significantly. With respect to this order, the Department has conducted no administrative reviews. However, the Department determined rates above *de minimis* for all Chinese manufacturers and exporters during the original investigation and the first sunset review. *See* Order at 60606 and First Sunset Review at 41434.

Pursuant to section 752(c)(1)(B) of the Act, the Department considered the volume of imports of the subject merchandise for the period before and after the issuance of the antidumping duty order. Using statistics provided by the ITC Dataweb, the Department finds that imports of paper clips from China have significantly increased since the issuance of the continuation of the order in 2000, although these import volumes do not approach pre-order volumes. *See* attached import statistics. As the Department stated in the first sunset review, the import volume declined 74 percent to 1,047 metric tons the year after the imposition of the antidumping duty order. *See* First Sunset Review. However, during the period of this sunset review, imports of paper clips from China increased from 90,268 kilograms in 2000 to 828,491 kilograms in 2004. *See* attached import statistics.

The Department normally will determine that revocation of an order is not likely to lead to continuation of dumping where dumping has declined accompanied by steady or increasing imports. *See* SAA at 889-90. However, if companies continue to dump with the discipline of an order in place, it is reasonable to assume that dumping would continue if the order were removed. *See* SAA at 890. In this case, the Department found dumping above *de minimis* levels in the first sunset review. The Department has also determined that although paper clips imports from China have been increasing in volume during the period of this sunset review, the imports are lower in volume than before the order was issued. *See* First Sunset Review. Absent argument and evidence to the contrary, the Department has determined that dumping would likely continue or recur if the order were revoked based on dumping margins above *de minimis* levels, import volumes below pre-order levels, and no administrative reviews during the period of this sunset review.

2. Magnitude of the Margin Likely to Prevail

Interested Parties Comments

The domestic interested parties request that the Department report to the ITC the rates found in the original investigation because of the lack of administrative reviews. *See* Officemate Response at 6 and ACCO Response at 5-6.

Department's Position

The Department will normally provide to the ITC the company-specific margins from the investigation for each company. For companies not investigated specifically, or for companies that did not begin shipping until after the order was issued, the Department normally will provide a margin based on the “China-wide” rate from the investigation. The Department’s preference for selecting a margin from the investigation is based on the fact that it is the only calculated rate that reflects the behavior of exporters without the discipline of an order or suspension agreement in place. Under certain circumstances, however, the Department may select a more recently calculated margin to report to the ITC. *See Potassium Permanganate from the People’s Republic of China; Five-year (“Sunset”) Review of Antidumping Duty Order; Final Results*, 70 FR 24520 (May 10, 2005).

In this case, the domestic interested parties request that the Department report to the ITC the margins found in the investigation. *See* Officemate Response at 6 and ACCO Response at 5. The Department determined the following dumping margins in the original investigation.

Shanghai Lansheng Corporation	57.64
Zhejiang Light Industrial Products Import & Export Corporation	46.01
Zhejiang Machinery and Equipment Import & Export Corporation	60.70
China-wide Rate	126.94

See Order. The domestic interested parties base their argument on the respondents’ failure to either request or participate in administrative reviews since the issuance of the order. The Department agrees with domestic interested parties on selecting the above margins as the margins likely to prevail if the order were revoked.

In the instant case, the Department determines that it is appropriate to report to the ITC the margins from the antidumping duty order and the first sunset review because these rates are probative of the behavior of Chinese producers and exporters if the order were revoked as they are the only margins that reflect their actions absent the discipline of the order.

Final Results of Review

We determine that revocation of the antidumping duty order on paper clips from China would be

likely to lead to continuation or recurrence of dumping at the following weighted-average percentage margins:

Manufacturers/Exporters/Producers	Weighted-Average Margin (percent)
Shanghai Lansheng Corporation	57.64
Zhejiang Light Industrial Products Import & Export Corporation	46.01
Zhejiang Machinery and Equipment Import & Export Corporation	60.70
China-wide Rate	126.94

Recommendation

Based on our analysis of the substantive responses received, we recommend adopting all of the above positions. If these recommendations are accepted, we will publish the final results of this sunset review in the *Federal Register*.

AGREE ___JAS_____

DISAGREE_____

ORIGINAL SIGNED

Joseph A. Spetrini
Acting Assistant Secretary
for Import Administration

10-31-05

(Date)